

TRENDS

Skin Care

Skin care product sales up slightly

Continued from page 11

ounce size normally retails for about \$6 in his stores while the 16 ounce Lubriderm normally retails for about \$7.

Other buyers said Olay needs to advertise more and to get more "aggressive" with

tive products."

"You're not going to get any real growth by adding another fragrance or another lotion to your department," he said. "You need more things like the Revlon Anti-Aging gel, the Overnight Success line or like

Lournay. That's what will drive this category."

Revlon just introduced its Anti-Aging Eye Gel, and most retailers report its success has been very strong, and also very strong is its predecessor, Anti-Aging Moisturizing Cream.

Wesloh said the anti-aging products are doing "very well" for SuperRx.

Now Max Factor is introducing a new wrinkle filler and smoother called Erace that Wesloh thinks will also do very well in drug stores. And, he's also pretty optimistic about Lournay.

Austin Drug

At Austin Drug in the Long Island, N.Y. market, Marty

but it has been losing share. I don't know why. It may be because of all the other new products and it may be partly because of price points.

"Customers can see they're spending about 50 cents for an ounce of Lubriderm and about \$1.50 an ounce for Olay so it could be the pricing."

"Neutrogena is a good item too, but that's because so many dermatologists recommend it."

"Noxzema, on the other hand, is becoming more of a summer item. It's only on special once a year and it's always in the summer so people seem to be thinking of it more as a lotion to treat sun burns than as an all-around lotion or moisturizer," said Millman.

Austin has merchandised its mass skin care line in a basic 16-foot department for several years now, and Millman says he sees no reason to change the department or enlarge it.

"J&J came out with an unscented baby lotion and baby powder geared to adults a while ago and we added that to the department and it's done well," said Millman, "but other than that, there was really nothing innovative enough to justify more space."



Photo: Irma Zandi

Emily, 15, of New York City, is a skin treatment user. Here she's wearing Aloe Moisturizer, having cleaned her skin with Camay soap. Emily buys her skin treatment products at Genovese Drug.

chain drug store promotions.

However, buyers who did do a lot of promotions with Olay in 1987 report that Olay's sales are still strong and even growing at a good rate. Lubriderm Keri, Swedish Secret, Visage and the others may be "taking some share from Olay," these buyers report, "but they're also expanding the prestige segment of the category at the same time."

SuperRx

At SuperRx Drug in Cincinnati, Dave Wesloh, the merchandise manager for cosmetics and H&BAs, said that skin care, both in mass toiletries and in franchised treatments is a "stagnant category."

"We've had no growth in that category for the past two to three years," Wesloh said, "and it's basically because there's nothing new and exciting in that category."

However, Wesloh, like many other retailers, said SuperRx is seeing growth in what he calls the "therapeutic" segment of toiletry skin care and what some other retailers call the "prestige or upscale mass segment."

"Lubriderm and Keri lotion are both doing very well for us," he said "In fact, these items grew two to three times faster last year than the category as a whole. Nivea and Neutrogena are also doing well."

Other major brands, however, are flat or down in SuperRx, including Wondra, Vaseline Intensive Lotion and Jergens lotions.

Future growth

In terms of the future, Wesloh thinks growth in the skin treatment category can only come from the introduction of "dramatically new and innova-

Which research methodology do you agree with? Nielsen, or Pipeline?

Most drug store skin care buyers report their category sales were flat in 1987, and A. C. Nielsen would agree with them.

However, another market research company, Pipeline, which is a service of the Consumer Products Division of IMS, would not agree.

Pipeline, which uses a research methodology based on warehouse withdrawals, estimates the entire skin care category grew by 11.8 percent in drug stores for the eight months ending in August of 1987.

Nielsen Marketing Research, on the other hand, estimates that skin care sales in drug stores were up only 4.8 percent for the year ended last August, with most of the growth coming from the hand and body lotion segment and from sun care products which Nielsen includes in the overall skin care category.

Nielsen, which audits products actually on the shelves, reports that hand and body lotion sales in drug stores were up 6.5 percent for the year ended last August while sun care was up 6.8 percent. Nielsen says that facial creams and moisturizers were flat.

However, Pipeline, which only tracks movement through drug store warehouses, reports that all segments of skin care were up strongly for the first eight months of 1987. Pipeline says facial moisturizers grew by 12.2 percent; hand and body lotions by 12.2 percent, and sun care grew by 11 percent.

Nielsen does not include after-sun moisturizing products in their sun care sales estimates, but Pipeline does.

Drug stores continued to capture the dominant share of skin care sales in the mass market, but their share was down one point to 48.4 percent for 1987 versus 1986, according to Nielsen.

Category buyers attribute most of this slippage to more competitive activity in this category from mass merchandise and food chains. According to Nielsen, the mass merchandise chains like Wal-Mart and K mart picked up almost all of the share lost by drug chains in 1987.

Millman who is the general buyer of all seasonal products including sun and mass skin care items, says his growth in skin care sales has basically been flat.

"The older customers worry about the skin, but it's still a limited market," he said. "The younger people are still thinking of looking beautiful and that means they buy more color and tanning products."

"Our best sellers have been Keri, Lubriderm and Neutrogena."

"Olay still accounts for a large portion of our business,

Austin has advertised the department more regularly, however, especially with Keri and Lubriderm, and Millman said he would be interested in doing more advertising with any "manufacturer of a quality brand aggressive enough to want to do promotions with us."

However, Millman thinks that in a department as basic as skin care, variety of selection is as important as price and advertising.

"The discount stores in our market and the deep discounters like Rock Bottom can some-

Skin care sales by main category segment

(Drugstore retail sales)

Segment*	Dollar sale (millions)	% change (8/87 vs. 8/86)
Face creams & lotions	\$251.6	0.5%
Hand & body lotions	205.9	6.5
Sun tan lotions & oils**	147.4	6.8

*Top three skin care category segments which account for 70 percent of all drugstore retail skin care sales

**Includes sunscreens & sun blocks, but not after-sun care products

Source: Nielsen Marketing Research

times undercut me on price especially on popular brands, but I think pricing is secondary to convenience.

"The customer who comes in my store and finds the size and scent they want will buy here even if my price is a little higher. They do it because they want the convenience of buying everything they need on one trip," Millman said.

Begley Drug

Possibly because Begley Drug has cosmetics in all its stores, this chain has been able to generate fairly good growth in mass and franchised treatment sales in 1987 and is projecting even greater growth in franchised treatment for 1988.

Ralph Kinder, division merchandise manager for H&BAs and cosmetics, says that skin care sales have been growing steadily for Begley with the best growth in mass coming from the prestige or upscale brands.

"Oil of Olay did very well for us last year," he said. "Nivea's Visage also did well and so did Lubriderm. We've added another two SKUs of Lubriderm to our set for this year."

Right now, Begley has a 16-foot set for mass skin care. Begley has just issued a new skin care mass planogram which makes what Kinder calls "subtle modifications."

For example, they took the bath section, which had previously "floated" all around the Begley stores with no consistent permanent home, and gave it 6 feet adjacent to skin care as its permanent home.

"That gives us a one stop shopping environment," said Kinder, "Vaseline Moisture Bath is our best seller in that department, and now we have all the bath accessories right next to the lotions and moisturizers. Women use the products together so why not merchandise them together."

Begley also divided its skin set into three mini-sets: upscale skin treatment lines all together including Olay, Lubriderm, Keri, Nivea, Swedish Secret, Curel, etc.; basic or mass lines altogether including Vaseline Intensive Lotion, Noxzema, Jergens, Soft Sense, etc.; and the acne treatment creams altogether.

The new set has just been completed and is going into Begley stores this quarter. Kinder said he thinks sales in the department will increase at

least 15 percent and may go up even higher as more new products launch and as Begley launches what will be more aggressive promotions with the category.

"For the past year, we've done a full program of promotions with Olay," he said, "and it paid off. Their sales have been very strong and we think it's helped the category grow."

New products like Visage have also helped. "Yes, maybe they took some share from Olay," said Kinder, "but Olay's sales are still increasing for us and we have the incremental sales from Visage as well."

Kinder says Begley hasn't always gotten behind its skin care lines with strong promotions. "Noxzema, for example," he says, "is a good line, but we're not doing what we should be doing with that line."

"We've pushed Noxzema in the summer, but not at other times of the year and maybe that was a mistake. We think more growth is possible in this line and we're going to find it."

"Swedish Secret is doing well for us," said Kinder, "we're getting good reports from the stores, but we think more growth is possible and we're going to look for it here too."

Kinder reports that the discount store chains in his market, particularly Wal-Mart, are also getting very competitive with treatment items especially the popular brands like Olay, Lubriderm, Vaseline Intensive Lotion, etc.

"In some stores here, Wal-Mart has 16-to 24-foot skin care departments," Kinder reports, "and when they promote an item like Olay or Lubriderm, they build massive endcap displays in their stores so it really turns."

Competition has made it hard for Begley to make any money on their own Olay and Vaseline Intensive promotions, but part of the sting of that has been taken out by the launch of new lines and brands like Swedish Secret and Visage.

"One of the nice things about these brands," Kinder says, "is you can make money when you promote them. There's less banging heads with other retailers over these newer brands."

Perry Drug

In 1987, Perry Drug took all its franchised skin treatment lines with the exception of Almay and moved them into the lotion section of its mass brand skin care set.

The change gives the larger Perry stores as much as 36 feet for skin care including six linear feet for franchised lines, 10

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TRENDS

Shaving Needs/Sun Care

Disposables drive shaving's razors-blades segment

Although overall growth in the razors-blades category remains steady, if unspectacular, the meteoric growth of disposables over the past decade remains the bright spot.

Product proliferation, along with strong promotions, have fueled a growth rate of as much as 20 percent a year in disposables, so that disposables now represent in excess of 60 percent of the total market. Although vendors see continued advances in disposables, the pace is expected to be less dramatic in 1988.

"You'll see 5 to 10 percent growth; that's still good, in a relatively flat market," said Mike Merwin, marketing manager at Bic.

Among the major razors/blades players—Gillette, Bic, Wilkinson Sword and Schick—the trend is toward adding lubricating strips to lines. This year, for example, Schick is introducing Ultrax Plus and, for women, the New, Improved Personal Touch, both with lubricating strips, with no price change. "Our studies show consumers prefer a comfort strip," said Schick product manager Dennis Thompson.



In both razors/blades and shaving creams, vendors and retailers are finding the sensitive skin segment fertile for cultivation. Bic's Merwin cited a study of all men showing that 42 percent feel they have sensitive skin, and 51 percent of men with heavy beards have that perception.

"Sensitive skin is approaching the regular products in volume movement," one West Coast chain buyer said.

Wilkinson Sword claims its shave cream with Hyladerm, rolled out in August 1987,

"goes further than ordinary sensitive skin products" toward lubricating and conditioning after as well as during shaving, said Jeff Avison, the company's director of marketing. Selling for about \$2.25, "it's premium-priced for the mass market," Avison said, adding that hyaluronic acid is an expensive ingredient that may dampen competitors' interest in developing similar products. The company's second-flight advertising campaign, which starts this month, stresses radio spots

during the "morning drive," when freshly shaved men are "experiencing the [sensitive skin] problem," Avison said.

Retailers contacted by *Drug Store News* say it's too early to tell the impact the cream will have, although Avison reported it's "doing very nicely" so far.

In shaving creams generally, several buyers said they expect gels to create news in '88, now that S. C. Johnson & Son's Edge, which enjoys exactly that in shaving gels, is off-patent. "We plan to launch a gel in 1988," confirmed Jim Anderson, senior vp and general manager at Leeming-Pacquin, maker of Barbasol. Some buyers predict Colgate will also introduce a gel this year, although this could not be confirmed.

Many chains favor razors and blades as checkstand impulse items [See *Drug Store News* March 16, 1987 issue], while some, such as deep-discounter Rx Place, also promote shaving creams there.

In addition, Rx Place devotes 12 feet to shaving creams and equal space to razors/blades, opening up 4 more feet during special shave cream promotions, said buyer

Bob Carlson. A large South-eastern-based chain has moved razors/blades to men's toiletries and is analyzing their current secondary location at checkstands; Genovese in New York and a large West Coast chain also cross-merchandise razors/blades at front-end and in men's toiletries.

While buyers differ on whether disposables have cut into brand loyalty in razors/blades, they tend to agree that shaving cream shoppers, although definite in foam or gel preference, are more fickle about brands. "Private-label and house brands take over from the more expensive brands when they're specially promoted and displayed," said a West Coast buyer.

"Price drives the shaving cream category a lot," said Genovese's Kevin McGivney, who added that "there's little loyalty in the low-priced segment."

Chains regularly promote shaving creams—a crowded field whose leaders include Gillette, Edge, Noxzema, Colgate-Palmolive, Barbasol, Carter-Wallace's Rise, Shulton's Old Spice, Mennen and Beecham's Williams brands.

Retailers find that sun care product sales shine year-round

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"Now Coppertone has a new Sunless Tanning lotion on the market and I think that will sell very well. That could be this year's newest hot category."

Perry Drug

Perry Drug is also planning to put a small section of sun care brands into its stores on a year-round basis. Buyer Steve Lund says Perry should add the new department this spring, and it will go in the basic mass skin care department.

"We'll probably stock about 10 SKUs year-round," said Lund. "We'll use our movement numbers and maybe Nielsen to pick the top 10 sellers in lotions and protection. We'll probably give the section about 2 to 3 feet."

In the past, Perry has merchandised sun care in seasonal aisles and in prepack displays during the peak selling season. Once Perry has its permanent set for sun care, they will continue to merchandise a broader assortment of sun care items in the seasonal aisles during the peak selling season, says Lund.

Lund says his best sellers in this category last year were Coppertone's Water Babies, the Hawaiian Tropic line, J&J's Sun Down and Bain de Soliel.

The zinc oxides didn't do "real well" in Perry stores, Lund says. "They're more of a product for Florida, California

and the warm weather states. They're basically not for our area."

Last year, Lund bought three lines of zincs. This year he says he may still buy one, but he hasn't made a final decision yet.

This year, Lund also says he's only going to bring in a select number of higher SPF's. "They are still a growth area," he says, "but there are also a lot of people, especially those 15 to 35 who want to tan, so we'll try to carry a reasonable but broad assortment."

Austin Drug

In the New York market, Marty Millman who buys sun care and other seasonal products also has created a permanent year-round department for best selling sun care brands.

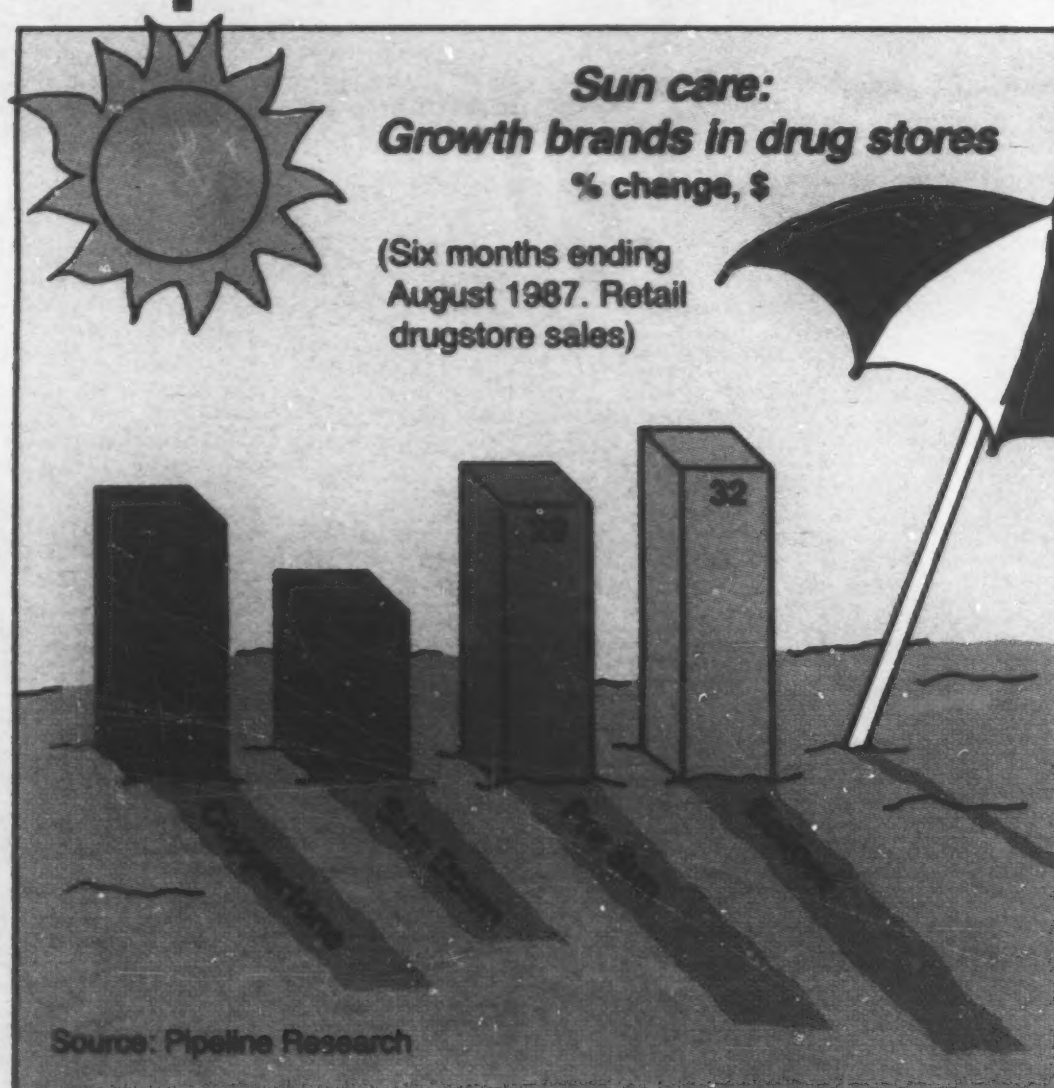
Millman says it's "very low key," but it's there as a convenience to customers concerned about the sun or planning trips to warmer climates.

During the peak season, the category also gets displayed in the promotional aisles and on ends and displays.

Higher SPF's are generating the strongest category growth at Austin, but Millman says his tanning products are still turning well because "people still want to look like they have a tan."

He estimates that the entire sun care category grew about 15 percent in 1987. However, he says, "People are staying away from the very low SPF's, the zeros through four."

Like other sun care buyers, Millman worries that the current proliferation of high sun protectors in the market may eventually "confuse" the cus-



tomers.

"It even confuses me," he says. "I go into a store and I look at the 25's and the 39's and I think what's the difference between them. What's right for me? What do I need?"

However, Millman says that as long as he can return unsold products at the end of the season, he will continue to carry a full range of SPF's. "I'll bring it all in," he says, "and I'll let the customers decide what will sell."

In other segments of sun care, Millman said Austin didn't see much growth at all last year in either zinc oxides or tan accelerators.

"People today realize they have to be very careful what they use for tanning," he said,

"and that seems to have affected the accelerator market. There's not much growth there, and the colorized zincs don't seem to be right for our market."

SuperRx

Dave Wesloh, the merchandise manager at SuperRx Drugs for cosmetics and toiletries, says 1987 was a "fantastic year" for sun care: sales were up 15 to 20 percent overall.

"What helped was the weather," he said, "and the fact that we were prepared this year. We increased our inventory levels in the store at the beginning of the year rather than wait for stores to re-order."

At peak times, SuperRx mer-

chandises sun care in its seasonal areas on two ends in the store. This is the third year they've also had a permanent year-round department for sun care in the skin care section of the store.

SuperRx currently stocks about 11 SKUs year-round in about 2 to 3 linear feet. Some of last year's strong sellers were Water Babies, Bull Frog, a water resistant gel with an SPF of 18, and the Coppertone low SPF lotions and oils. "That's a specialty item that did very well for us," said Wesloh.

High SPF's also sold well in SuperRx, but Wesloh says he still did a good strong business in low SPF tanning products.

Like many other drug store merchandisers, Wesloh was also concerned about the dramatic proliferation of SPF's of 20 and above.

"An SPF of 25 is plenty," he says, "anything else might be misleading to the consumer."

"After-sun moisturizing products are also getting stronger in SuperRx stores. Wesloh estimates their growth may have been up as much as 10 percent last year.

Some of his best sellers were the Bain de Soliel after-sun and the Caribe after-sun.

Begley Drug

At Begley Drug in Kentucky, Ralph Kinder, division merchandise manager for cosmetics and toiletries, says sun care grew about 15 to 20 percent last year, and this year Kinder expects the same or even stronger growth, primarily because of the influx of all the new higher SPF's.

Begley has always had a per-

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"Every retailer is on the lookout for something like it", H.H., NY

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Yule cosmetics, fragrance sales reported 'sluggish'

Cosmetic/fragrance buyers are telling *Drug Store News* that Christmas sales last year were just "sluggish to so-so."

At Eckerd Drug, senior cosmetics buyer Karen Durham reports that Christmas fragrance sales were "slow," but that most of the new men's fragrances did pretty well, particularly Night Spice, Iron and Dallas.

Xia Xiang performed below expectations, but Durham felt it was because their ads were late in breaking in many of Eckerd's key markets.

Lady Stetson ads, however, "blitzed the market," and Durham reported that Lady Stetson sold "very, very well." So did Sand 'N Sable, which Durham says is one of her best-selling fragrances.

Glorious did "okay," according to Durham, who also felt that Glorious didn't cannibalize Vanderbilt sales. "Glorious appears to be appealing to a different market," she said.

Primo sold well in Eckerd stores this Christmas, but the rest of the knock-off market was slow, according to Durham.

"Primo sales have even slowed down a little," she said, "but sales were so high when they peaked, that it will take a while before this particular brand really falls off, if it ever does."



Beauty

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"Primo, however, seems to have established itself as its own brand and not just as a Giorgio knockoff," Durham added.

In Alabama, Penny Wade, who buys fragrances for Harco Drug stores, reports that Xia Xiang sold very well in her stores, and that Charley and Jontue "continued strong."

Wade also says that Carington did well. Iron was "middle of the road," Dallas wasn't in the Harco stores, and Glorious did "fairly well."

Wade also reports that all her eye shadow kits sold especially well this Christmas, but Maybelline and Cover Girl were the strongest of the mass brands.

Revlon's Christmas Kisses lipstick promotion also did well, Wade says.

In another major regional Southern chain, a buyer reports that Glorious sales "never really got off the ground," but that Vanderbilt continued to do very well.

Night Spice was "the best of

the new men's fragrances" in this chain, and Iron and Dallas were "neck and neck" in sales, but the buyer says "neither was as great as I expected them to be."

This buyer also says she couldn't keep L'Oréal's new Lash Out mascaras in stock, and that Lee Press-On Nail sales also were strong.

Sculptured nails also did well in this chain both at Christmas and throughout the year.

The musk category has quieted down considerably for this chain, and despite Beecham's dramatic new "What is Sexy" ad campaign, Jovan Musk Christmas sales were down slightly from last year.

Stetson, Sand 'N Sable and Lady Stetson were all very strong for this chain, but Vanderbilt didn't do as well as last year.

Adidas sales were spotty for this chain last year, and the buyer says they were even softer this Christmas.

Iron slow in December

In Austin Drug in the New York market, cosmetic/fragrance buyer Marlene Isaacson says that Iron was slow right before Christmas, but did well as the season developed.

Dallas did not do as well, and Night Spice wasn't ordered.

In color cosmetics, all the new shades in the major lip

and nail lines did well, and Lash Out did "very, very nicely." Maybelline's mascara also did exceptionally well, Isaacson said.

Austin also carries a wide range of prestige fragrances and at Christmas, sales were strong for Halston, Lauren, Chanel, Anais, Obsession, Opium, Drakkar, Poison and Shalimar.

In the more available mass prestige fragrances, Glorious, Xia Xiang and Emeraude did particularly well for Austin, Isaacson says.

In other Christmas categories, most buyers report that bath lines did okay, but the more expensive sets did not sell "particularly well."

Several buyers say that luxury soaps "were almost impossible to sell," but that potpourries and "hand-made items" sold very well.

Youth poll on skin care

In our Jan. 4 issue, the Beat launched a new reader service that we call "Youth Poll."

Youth Poll is a regular report on the results of a nationwide purchasing poll of consumers aged 12 to 24.

The poll is implemented several times a year by Irma Zandl, president of Extreme, Inc., a New York-based consulting company that monitors existing and emerging trends in the youth market.

According to Extreme's latest survey, the skin care cate-

gories that are purchased the most frequently by 12- to 24-year-olds include the following:

- Facial soaps: purchased by 64 percent of all girls and 35 percent of all boys;

- Moisturizers: purchased by 50 percent of all girls and 15 percent of all boys;

- Make-up removers: purchased by 42 percent of all girls. However, many girls also said they often used just bar soaps to remove make-up.

- Sun products: purchased by 45 percent of all girls and 45 percent of all boys. Slightly more than half of all girls use sun tanning products as opposed to sun protection products with SPF's of 10 and above.

- Astringents: Purchased by 33 percent of all girls and 10 percent of all boys.

The brands girls mentioned most often as personal favorites were Dove, Ivory and Clinique in bar soaps; and Keri Lotion and Clinique as moisturizers.

The girls said they bought most of their skin care products at food or drug stores. They said they chose their stores primarily on the basis of convenience and selection of product. Most girls said their mothers usually gave them the money for their purchases, but 39 percent of both the girls and boys had at least part time jobs and 50 percent said they were given allowances.

Skin care dealers look to pre-selling

Continued from page 16

more feet for the mass brand lotions, 8 feet for bath oils and bubble baths, 4 feet for bath accessories and 8 feet for acne treatment lines.

The new set makes the skin care department more visible and more accessible to shoppers, and since the change Perry's H&BA buyer Steve Lund reports movements from the warehouse are increasing significantly.

However, Lund says he won't know how much sales increased at store level "for another few months. I think, though, we're going to get increases of between 15 and 20 percent," he says, "just because of the change."

Lund says he feels the franchised treatment category was "lost" before because it was in cosmetics. Now he feels, treatments will have a stronger physical presence in Perry stores, and that presence and impact should help generate incremental sales.

"Treatments are not a strong growth category for us," he says. "A lot of companies are attempting to unlock the potential of that category for drug stores, but it hasn't really been done yet," he said.

"Now you see more launches happening that may make the whole category grow. Swedish Secret coming out last year. Lounay out this year." According to Lund, "They'll either take share from Olay or they'll

expand category sales or perhaps both will happen."

"But there are so many new SKUs coming out in this category that I'm guessing we're going to see more growth and better growth in 1988."

So far, Lund says he is seeing some trends emerging in Perry stores. Olay is slowing down, he says, because of the new competition.

Nivea's Visage, a new brand, is doing well and so are the traditional Vaseline Intensive Care moisturizing lines. Curel and Soft Sense are also doing well with Perry, and Lubriderm is growing almost three times faster than the category as a whole.

Lund says Perry may be seeing more growth in the lighter creams designed specifically to moisturize the face.

"You're seeing more of the lighter creams for the face coming out," he said, "and they seem to do well. Westwood recently expanded its Keri brand into a light moisturizing formula and it's selling well."

"I think part of it has to do with the fact that more people are realizing they do need to moisturize their faces because the face is exposed to so many damaging forces," said Lund, "and there's always a need to add body moisturizers to dry spots like knees and elbows."

Harco Drug

At Harco Drug in Alabama, toiletries buyer Charles Monk

reports that his basic skin care business was flat last year. Some brands and lines, of course, did better than others at Harco, but their growth came at the expense of other brands in the category.

Monk says his best sellers in 1987 were S.C. Johnsons Soft Sense and Curel, and Warner Lambert's Lubriderm.

"We had a good growth in those specific brands," said Monk. "It seems the products for dry skin are doing better than the overall lotions."

Harco also promoted Oil of Olay frequently last year, and Monk says the brand did very well. "It may not have increased its sales very dramatically, but it held its own and it was a good traffic draw for us."

Nivea's Visage is selling well in Harco, but Monk says he hasn't seen it take any share away from Olay which he promotes every quarter.

Monk doesn't have the new light Keri Moisturizing Spray in his stores yet, but he says he's bringing it and he expects it to sell well "because it's different."

Keri also has new packaging that Monk thinks is "very nice," and he believes that will help the line grow considerably this year. "And if Westwood would just advertise it more, I think you would see some very dramatic growth. They rely too much on detailing dermatologists," he said.

The basic skin gets an aver-

Skin care sales by main category segment		
(Drugstore retail sales)		
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**Includes sunscreens & sun blocks, but not after-sun care products
Source: Nielsen Marketing Research

age 8 to 12 feet in Harco stores, and the size of the department hasn't changed much in recent years. Acne treatments get about 4 feet in the set and the prestige brands like Olay and Visage get 2- and 4-foot shelves.

Monk couldn't recall any exciting new brand in the acne treatment category, and he says sales there are static.

Wal-Mart gives Harco a lot of competition for skin care sales, and Monk says their stores usually retail the well known brands like Vaseline Intensive Care Lotion at exceptionally low prices everyday.

"Wal-Mart tears away at our prices on the key brands," he says. "They'll have Vaseline Intensive at \$1.79 everyday while I'm paying \$2.20 for it. There's no way we can match their prices so I try not to promote a brand like that as often."

However, Monk will use key treatment brands at select periods of the year for traffic building. He did promote Vaseline Intensive last October for

\$1.99 for the 15-ounce size.

"It did very well for us too," Monk said, "because normally we retail that size for \$3.19."

This January, Monk put Soft Sense and Curel in his 99 cents ads. "We were able to negotiate a good deal with S. C. Johnson so we could get them out at sharp prices."

The ad featured the 6-ounce Soft Sense, which normally retails for \$1.79 at 99 cents and the 6-ounce Curel, which normally retails for \$2.99, at \$1.99.

As traffic builders, Monk says the better known skin care brands work out extremely well for Harco, and "we can usually make some money, but I must say, at these prices, not a lot. They do get the customers in, though."

"...something I can recommend as a professional". D. Clary, SC

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TRENDS

Cosmetics: Category in Motion

Body Love Cosmetics, Santa Cruz, Calif., is introducing Aroma Beads, bath beads filled with natural oils and vitamin E.

The beads are an opalescent turquoise and have a fragrance called Lemon Ginger Oil.

The natural oils in the beads are said to soften and moisturize the skin.

There are two sizes: 24 beads with an SRP of \$5.99 and a trial size with three beads for 99 cents.

Each size comes in cases of 12.

Revlon's Lady Mitchum antiperspirant is now available as Lady Mitchum with Light Powder Fresh Scents packaged in a wide, oval solid stick, and a large-ball roll-on.

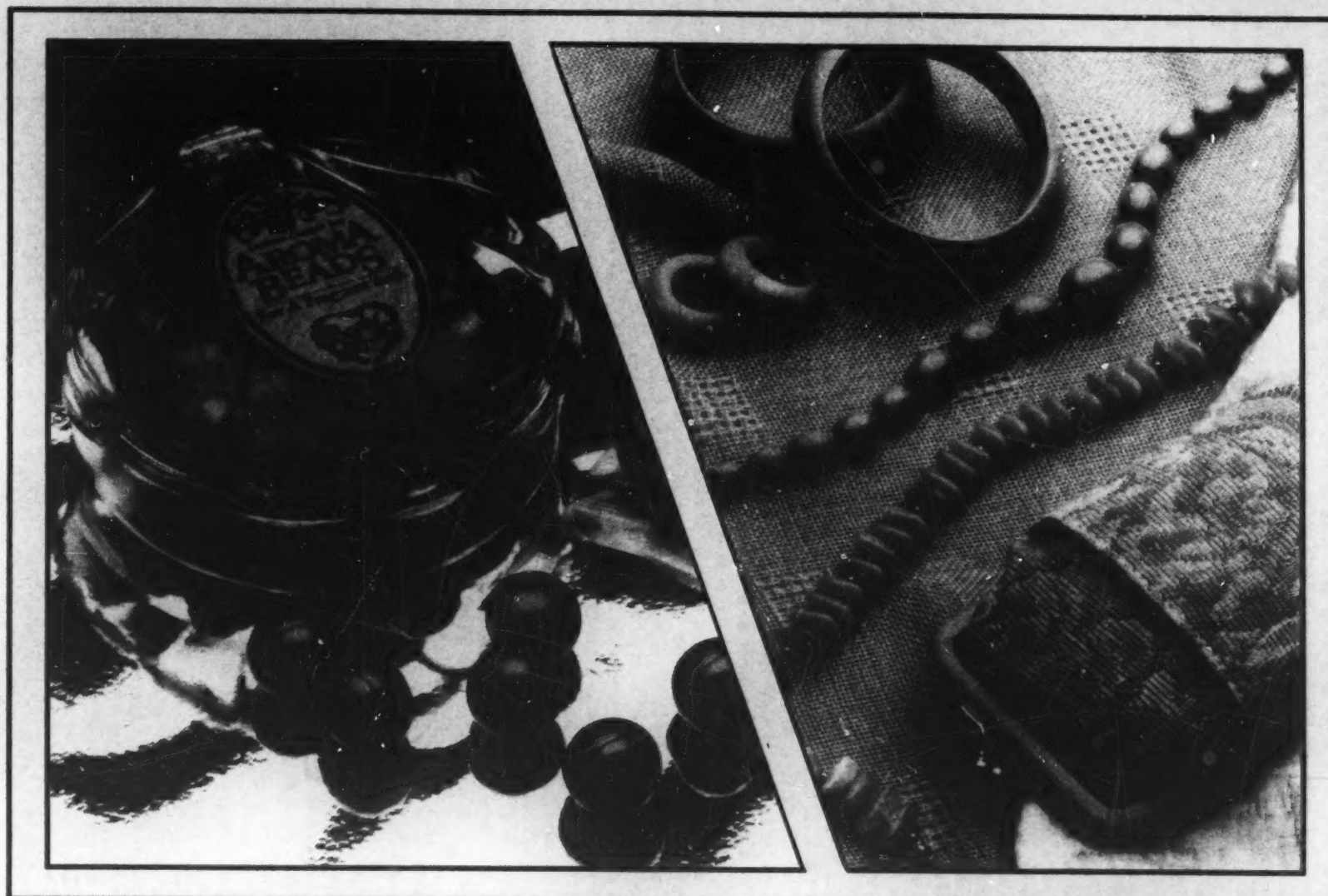
Revlon says the dermatologist-tested formula for Lady Mitchum provides a no-sting, quick-drying antiperspirant that is gentle enough to be used right after shaving.

The new scent is a mix of rose, jasmine and lavender.

The 1.5-ounce roll-on has a suggested retail price of \$2.71 and the wide solid 2-ounce stick has an SRP of \$3.31.

The Biopractic Group of Phillipsburg, N. J. has introduced two new footcare products: FootMedic and Foot Miracle.

Foot Miracle is a deep-penetrating cream that softens rough, callused areas, aids cellular regeneration and brings



comfort to the heel and foot.

FootMedic is an external pain relieving gel that uses a super-strength formula of Mineral Ice that was created specifically for the feet.

Both products have a water-based, non-greasy and non-staining formula. SRP is \$9.95.

Manhattan Ice, New York, is introducing a new line of alternative designer perfumes: real perfume.

The fragrances in the new collection include Orient (Opium alternative), Gigi (Giorgio alternative), Amore Amore (Anais Anais), and Submission (Obsession).

All the fragrances in the line are perfume alternatives as opposed to colognes or eau de toi-

lettes. The fragrances for the collection were developed by Richard Loniewski, who was associated with the development of Opium, Enjoli, Krystal, and Carrington.

Accessories Associates, North Providence, R. I. has a new spring jewelry and leather goods collection.

The jewelry collection includes beaded necklaces, bangle bracelets, earrings and hair accessories designed in pastel shades of pink, lavender, lime green and lemon.

The multi-colored small leather goods collection includes wallets, billfolds, cigarette cases and change purses in a variety of textured tapestry shades.

Coty is introducing a new line of lip colors and moisturizers called Watersplash.

Coty says the innovative formula for Watersplash includes water as well as cocoa butter to soothe and cool the lips while adding color.

Watersplash is designed to replenish dry, dehydrated lips so they look and feel refreshed.

Watersplash is also the first lipstick in a domed applicator tube. Coty says the new applicator is neat and convenient to use.

Users can also control the amount of color they apply to their lips: a little leaves a sheer, glossy tint while a slightly stronger application creates the look of a medium coverage lipstick. There are eight shades in

the line, packaged in color matched tubes. SRP is \$3.75.

Loujene, Metuchen, N. J., is introducing an innovative single-use "disposable" quick-drying glossy nail enamel called Gloss & Toss.

Gloss & Toss comes in 31 shades in disposable packets that contain enough enamel for two or more coats of polish, plus a disposable, custom-designed brush.

Loujene has priced Gloss & Toss so that women can buy several packets of different colors for less than it costs to buy one bottle of conventional nail enamel.

A floor display is currently available that includes 18-dozen units of Gloss & Toss plus six SKUs of Loujene's five brands of nail treatments: Pink Mender, Fiber Wrap, Ridgefiller Cream, Base Coat and Top Coat.

S. C. Johnson is adding a fragrance-free formulation to its Curel moisturizing skin care line. Curel, which was introduced in 1984.

Johnson's management says the absence of fragrance in the lotion is an "added bonus" for users who consider the scent in a fragranced lotion to be a problem.

Curel is marketed as a therapeutic lotion for anyone whose work requires them to wash their hands frequently. Curel has been formulated to end the roughness and cracking of dry skin problems.

The formula contains glycerine to attract moisture to soften the skin as well as petrolatum to help the skin retain its own moisture.

The Fragrance Free Curel will be available in 6-ounce bottles with self-cleaning, flip top caps. SRP is \$2.99.

Westwood Pharmaceuticals is introducing a non-aerosol version of its Alpha Keri Moisturizing Rich Body Oil.

The Alpha Keri Moisturizing Spray is a continuous spray that is meant to be used right after a bath or shower.

Dermatologists say that moisturizing oils and creams are most effective when used on skin that is still damp.

Westwood is using a patented Exxel delivery system in its spray that contains no fluorocarbons, gases or propellants of any kind. The spray is also good for hard to get at areas like the backs of thighs and heels.

The spray comes in a 3.5 ounce bottle.

General Therapeutics, Hempstead, N. Y., is introducing a 2-ounce trial size version of its Queen Helene Cocoa Butter Hand & Body Lotion.

The lotion protects the skin from the sun, plus it soothes and softens the skin.

The new 2-ounce size comes in a 72-piece shipping carton.

Sun care product sales still shine on drug chains

Continued from page 18

manent year-round set for sun care products, but Kinder has recently expanded that section.

Begley stores now have a 4-to 5-foot set for sun care in their skin care department. Coppertone, Hawaiian Tropic and a selection of higher SPF protection brands are in the department.

Last season, Kinder says Begley "sold out" of Pre Sun 29 "because of everyone being concerned about the sun and the potential for cancer."

Kinder says Begley didn't carry Cancer Garde last year, but they will stock the Cancer Garde this year, both at the pharmacy and in the skin care section.

"We try to give our pharmacists as much information as we can," he said, "so they can help customers make intelligent decisions about what sun protectors to buy."

Kinder tried the colorized zinc oxides in about 30 of Begley's 45 stores last year and he says he was "pleased" at the turns. "We didn't go really heavy with it," he said, "I think we may have one or two more good years with this segment left."

In 1988, Kinder says he will probably go with just one brand, either Le Zink or Konkors from Bonne Bell.

"Tan accelerators are slowing down for us," he says. "I don't know what will happen in that category. Most people who use tan accelerators go to tanning salons and since they're sold in tanning salons, most people buy them there."

Kinder thinks the new sun sponges and sun towelettes that are used as disposable dispensers of sun tan lotions are novelty items that may "create some curiosity," but he's not sure how strong the sell-throughs will be on them.

In 1987, Kinder says Begley gave about "a third more space to sun care advertising" in their media program.

"Actually, we're trying to give more emphasis to all the basic categories," he said. "We want people to remember that we're a drug store."

Top sun care segments

The strongest growth segments in sun care for drug stores in the first half of 1987 were nose coats and sun screens with SPF's of eight and above, according to Pipeline research, a service of the Consumer Products Division of IMS.

Pipeline monitors warehouse shipments to drug stores as a marketing service.

Pipeline's research shows that nose coats were up 60 percent in drug stores for the eight months ended last August while sun screens with SPF's of eight and more were up 32 percent.

Pipeline's numbers indicate that the after-sun segment was down by about 31 percent while dark tanning lotions or tropical lotions with zero sun protection were down by about 2 percent.

The regular tanning segment which consists of tanning products with SPF's of two through four was also down, Pipeline says, by 4 percent.

According to Pipeline, the brands with the strongest sales increases for the six months ending in August were Eclipse, up 32 percent, Pre Sun up 29 percent, Coppertone, up 27 percent, and Sun Down, up 18 percent.

In mass treatment skin care, Pipeline says facial moisturizers grew slightly faster than hand and body lotions, facial moisturizers were up 12.2 percent compared to 11.5 percent for hand and body.

The growth brands in facial products, says Pipeline, were Revlon's European Collagen, and Neutrogena's Moisture Cream, both up 25 percent and Noxzema skin cream, up 11.4 percent.

In hand and body lotions, Pipeline says Moisture Lotion was up nearly 37 percent, Eucerin was up 23 percent, and Lubriderm was up 16 percent.

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Batteries/Toys

TRENDS

In the battery sales war, drug chains get a charge from aggressive tactics

Drug chains are battling for battery market share with aggressive use of floor racks for cross-merchandising, displays in high-traffic alleys, and with tie-ins on vendors' heavy promotional schedules.

Faced with a tough fight

'We won't carry anything larger than a four-pack on an everyday basis,' Draney said.

from mass merchandisers who carry more battery-driven devices and work on lower margins, some drug stores are experiencing dampening of sales growth and category profitability. Most, though, report brisk battery turns. The challenge remains in controlling inventory in the face of vendors' hard driving efforts to

place new products and values onto the shelves.

"It's a good producing category, but we want to keep it turning properly," said Del Draney, battery buyer at Pay Less NW Drug Stores.

Draney said Pay Less NW is limiting its exposure in multipacks, and on in-and-out deals, to insure consistent inventory turnover. Stores will emphasize the two- and four-pack items in the chain's permanent set, which drove the business last year.

"Over the past few years, multipacks have been the trend, and sales were good for a time. But we can't live with it forever because it inflates inventory and reduces our turns," Draney said.

"We won't carry anything larger than a four-pack on an everyday basis," Draney said.

Pay Less will be promoting more from a basic 12-foot run, which includes Eveready,

Continued on page 26



Raley's sets a pre-pack flashlight display next to a battery set near the front checkout in this Woodland, Calif., combination store.



Drug chains must often assort themselves to compete against the deep displays fielded by discounters, such as this Gold Circle pegboard unit in Atlanta.

November's Top-Selling Toys

(Based on a survey of 3,000 retail accounts)

Board games, pre-school and old favorites accounted for most pre-Christmas toy sales activity.

Name	Vendor	Type
Nintendo Entertainment System	Nintendo	video game
Pictionary	The Games Gang	board game
G. I. Joe	Hasbro	action figure
Barbie	Mattel	doll
Ali	Coleco	plush
Fun with Food	Fisher-Price	pre-school
Cabbage Patch Kids	Coleco	dolls
Real Ghostbusters	Kenner	action figures
Gotcha!	Entertech	action game
Fisher-Price Kitchen	Fisher-Price	pre-school
Captain Power	Mattel	action figure
Transformers	Hasbro	action figures
My Little Pony	Hasbro	girl's toy
Party Kitchen	Little Tikes	pre-school
Turbo Hopper	Tyco	radio-controlled game
Win, Lose or Draw	Milton-Bradley	board game
Scrapies	Milton-Bradley	board game
Teddy Ruxpin	Worlds of Wonder	plush
Pogo Ball	Hasbro	activity toy
Lady Lovely Locks	Mattel	doll

(Source: Toy and Hobby World's Toy Hit Parade)

DRUG CHAIN BATTERY PROMOTION ADS: NOVEMBER 1987

Chain	Brand	Type	Sale price
Walgreens	Eveready	2-pack C or D	\$1.79
	Kodak	4-pack AAA	2.39
	Eveready	4-pack C or D	1.00
	Kodak	2-pack C or D	1.79
Pay Less NW	Eveready	2-pack AA or AAA	1.49
	Eveready	9-volt/2-pack C or D	1.89
Fay's	Duracell	2-pack C or D	1.78
	Duracell	1-pack 9-volt	1.78
	Kodak	2-pack C or D	1.68
	Kodak	4-pack AA or AAA	1.98
Osco	Duracell	2-pack AA or AAA	1.49
	Duracell	2-pack C or D	1.49
	Eveready	2-pack AA	.69
	Osco	2-pack AA or AAA	1.29
Revco	Eveready	4-pack AA, D or C	1.79
Hook	Duracell	1-pack 9 volt	1.87
	Duracell	2-pack C, D, AA, or AAA	1.87
	Eveready	2-pack C, D, AA, or AAA	1.99
	Eveready	1-pack 9-volt	1.99
Peoples	Peoples	2-pack C or D	2/1.00
	Peoples	4-pack AA	2/1.00
	Duracell	2-pack C or D	1.89
	Duracell	1-pack 9-volt	1.89
Thrifty	Kodak	6-pack C or D	3.99
	Kodak	8-pack AA	3.99
Rite Aid	Panasonic	4-pack C or D	.79
Eckerd	Kodak	2-pack C, D, or AA	1.59
	Eveready	2-pack C or D	1.79
	Eveready	1-pack 9-volt	1.79
SuperRx	Duracell	2-pack C, D, or AAA	1.79
	Duracell	1-pack 9-volt	1.79
	Duracell	4-pack AA	2.29
Longs	Longs	2-pack C or D, or AA	1.49
	Longs	1-pack 9-volt	1.49
	Duracell	2-pack C or D	1.79
Pay 'n Save	Eveready	2-pack C or D	1.79
	Eveready	2-pack 9-volt	3.49
	Duracell	4-pack AA or A	2.49
	Duracell	2-pack 9-volt	3.49
Medic Discount	Duracell	2-pack C or D	1.79
	Duracell	9-volt	1.79
	Eveready	2-pack C or D	1.79
SuperD	Duracell	2-pack C or D	1.99
	Duracell	2-pack 9-volt	3.15
	Duracell	4-pack AAA	3.25
Page	Eveready	2-pack C or D	1.88
	Eveready	1-pack 9-volt	1.88
	Eveready	2-pack AA or AAA	1.39
Dart	Eveready	4-pack AA	2.49
	Eveready	2-pack AA or AA	1.39
	Eveready	2-pack 9-volt	1.79
Drug Mart	Duracell	4-pack D, C, or AAA	1.69
	Duracell	4-pack AA	2.19
Genovese	Eveready	4-pack AA	1.49
	Eveready	9-volt super	1.69
	Eveready	2-pack C super	0.99

Source: Vereen & Associates, Inc.

Batteries for hearing aids

TRENDS

Hearing aid battery sales give Eckerd a health-care charge

Eckerd Drugs uses hearing aid batteries to boost category profits and underline its health care image. That is particularly important to this chain, which services the Southeast, where many retirees flock.

"The specialty battery category as a whole is very important. That's where your gross profit is," says John Paul Orr, Eckerd's hearing aid battery buyer.

"Our [hearing aid battery] sales have increased every year. People are more aware of health, and we've placed more

emphasis on health concerns," said Orr.

One of the country's major suppliers of hearing aid batteries, Eckerd is emphasizing the category more as intensified competition from mass merchandisers threatens profits from drug stores' multi-purpose battery offerings.

It promoted hearing aid batteries for the first time this year, with quarterly circular play, at price points about 30 percent off everyday prices, or at about \$3.30 per pack. These will continue in 1988, said Orr.

Eckerd carries eight Ever-

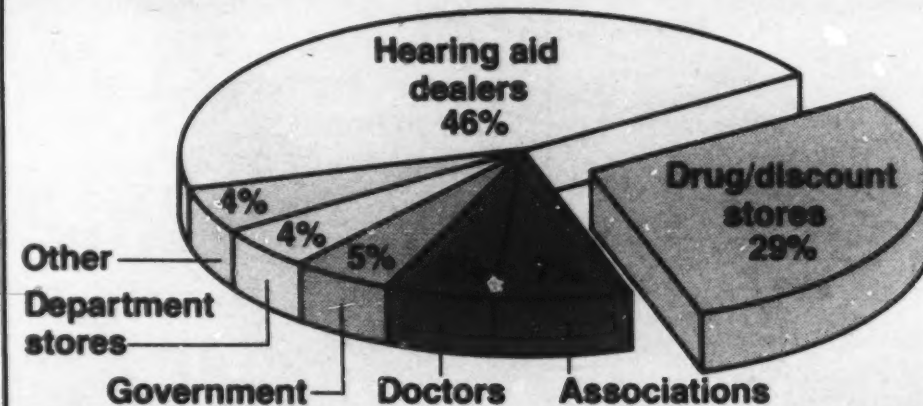
eady SKUs, including its small-sized zinc air cell picked up in 1987. Orr likes Eveready's breadth of selection.

"The demand isn't great enough to carry more than one brand. We look for the best price, so we can keep prices down for our customers," Orr said.

Consumers receive the batteries from stores' pharmacists, who are provided with cross reference guides so they can identify Eveready replacements for batteries the stores don't carry.

"We treat them like a medi-

Hearing aid battery sales by retail outlets



Source: Rayovac Corp.

cine. So its important we have a 100 percent service level," said Orr.

Since the batteries produce good profits, and a good return on a direct product profit basis, Orr makes sure there is a con-

sistent in-stock position.

"This category is more and more important to drug chains, because drug stores have lost market share in multi-purpose batteries. We'll put more emphasis on them," said Orr.

Segment grows at 14% rate

Hearing aid batteries represent a \$73 million market that is growing 14 percent a year. The growth of the elderly population and the increase in numbers of people who wear two hearing aids is driving sales.

Drug chains take various approaches in merchandising the category.

Revco is among drug chains that have picked up Rayovac's zinc air hearing aid battery, which was repositioned under the Loud 'n Clear name this year.

In the fourth quarter, Revco was promoting a Rayovac zinc air four-pack for \$3.69, along with a Rayovac mercury six-pack at \$3.09.

Begley Drugs puts its Eveready zinc air hearing aids by stores' checkout lanes, adjacent to multi-purpose batteries.

"It's something you can't do without; but it's not a major part of our sales," says Begley buyer Chuck Reeves.

Fay's Drug carries mercury and zinc Duracell lines, with displays at the pharmacy counter.

The Snyder Brothers drug chain in Minneapolis stocks about ten Eveready SKUs, dispensed by clerks from behind the film counter, said buyer Larry Olson.

Duracell is mirroring Rayovac's path with stepped up efforts for hearing aid sales through retail channels. Owner of the zinc air Activair brand, Duracell in March will offer consumers who purchase five packages of Duracell hearing aid batteries, a \$3 check toward the purchase of a prescription drug, and a coupon for an additional pack of Duracell hearing aid batteries.

Customer loyalty! Retailers report 90% repeat purchase rate

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In April, all eyes will be focused on two of the most important Drug Store News issues of the year:

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Drug Chain Profiles
Closing March 16
- April 25
The NACDS Convention Annual Report Part II
Merchandising Categories
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**Gladson on the art
of persuasion**

— Page 17

**Dental care
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Page 55

DRUG STORE NEWS®

Vol. 10/No. 4 Our 60th year of serving chains, wholesalers and high-volume independents Published by Lebhar-Friedman Inc. Feb. 15, 1988

Perry Drug Stores at a glance

(for fiscal year ending 10/31/87, prior to
sale of auto parts division)

Drug stores	
Units	222
Sales	\$550 million*
Autoworks division	
Units	252
Sales	\$155 million
Health care division	
Operations	9
Sales	\$21 million

*Includes auto parts sales from combination
drug/auto stores. Source: Perry Drug Stores

Perry driving back to profitability Sale of Auto Works division for \$51M 'overdue'

By James Frederick

PONTIAC, Mich. — The sale of Perry Drug Stores' huge Auto Works division is being widely viewed as a positive—even overdue—move which will hasten the chain's return to profitability.

Perry capped a months-long search to find a buyer for the auto parts division in late January, when it agreed to sell its 252 Auto Works stores to Northern Automotive Corp. of Arizona

for \$51 million in cash. In fiscal 1987, ended Oct. 31, 1987, the eight-state Auto Works division accounted for \$133 million of Perry's \$726 million in total revenues, down from a high of \$145 million the previous year.

Northern Automotive is an affiliate of Northern Pacific Corp., a company controlled by Eddie and Julius Trump of The Trump Group, which three years ago acquired a controlling interest in Pay 'n Save Corp. and precipitated

that company's breakup into several retail groups.

The Trumps retained two old Pay 'n Save divisions—Lamont's apparel stores and Schuck's auto supply stores—and already control, through Northern Automotive, a chain of some 500 auto parts stores under the Schuck's, Kragen and Checker logos in 12 Western states.

Perry's decision to rid itself of the

See Perry, page 59

Diener leaves Rite Aid post to run marketing at Peoples

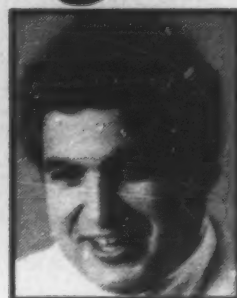
ALEXANDRIA, Va. — Howard Diener has left his senior vp-purchasing post at Rite Aid to become executive vp-marketing at Peoples Drug.

Diener, regarded as a prime catch for Peoples and one of the leading merchants in the trade, fills the vacancy left by Fred Edwards, who resigned from Peoples at year end to join Dart Drug Stores as senior executive vp.

At Peoples, Diener will report to David Eisenberg, senior executive vp and chief operations officer. Diener had spent seven years at Rite Aid, constantly refining the merchandising mix for its



Diener



Grass

mostly bantam stores, and overseeing efforts to bring acquired stores quickly under the Rite Aid merchandising umbrella.

Rite Aid executive vp Martin Grass told Drug Store News that Diener will not be replaced.

His department will be merged with the merchandising department, and Roger Grass will bear responsibility for both departments in his new post of senior vp-merchandising and purchasing.

Sources at Peoples Drug, Rite Aid and vendors described Diener as a "tough and talented negotiator who will

See Diener, page 59



The 18-unit
Cosmetic Center
chain of cosmetic/toiletries
specialty discount
stores plans to
open about eight
new stores this
year. A three-
pronged marketing
formula: service,
value and a broad
variety including
prestige brands.
See coverage on
p. 8.

Begley board mulls SuperRx's \$12.3M takeover offer

By Al Heller

LEXINGTON, Ky. — The Begley Co.'s board of directors was meeting at press time to draft its formal response to the \$12.3 million takeover bid from a division of Phoenix-based SuperRx Corp.

Industry sources close to Begley indicated the board would most likely urge stockholders not to tender shares because directors perceive the offer is inadequate.

Begley chairman Tracy Farmer controls 100,000 shares

out of the total 665,000 common shares outstanding, an amount nearly equal to the 110,000 already committed to SuperRx subsidiary S&B Acquisition Corp. by president Robert Begley, his mother Vera, the Begley family trust and former

chain executives Donald Snyder and Orlando Segneri. Snyder and Segneri left the company in mid-'87. Mitch Jacobs, who had been vp of merchandising, is the most recent high-level exec to depart the chain. Employees control about

200,000 shares, and they aren't inclined to tender much of that because they feel the chain is worth more, a company source said.

That could make it tough for the tender offer, forged by SuperRx.

See Begley, page 59

LATE NEWS

• ALEXANDRIA, Va. — Two veteran NACDS executives, senior vp George Nyhart and vp-government affairs Ty Kelley have resigned from the association to pursue "other personal interests and business opportunities," according to the association. Replacements have yet to be named.

• OAKLAND, Calif. — Safeway Stores has agreed to sell its 51-store Little Rock, Ark., division to Acadia Partners, a New York investment company, for an undisclosed amount. The stores include 14 with pharmacies. The deal is contingent on a successful new labor contract.

• FLINT, Mich. — F. W. Woolworth is gearing up to open its second Woolworth Express unit in another mall location here by early May. Woolworth said it will open roughly 15 of the 5,400-square-foot outlets this year, following "better than projected" sales in its first store, opened Oct. 8.

Wal-Mart's 2nd Hypermart plays up Rx and H&BAs

By Bruce Buckley

TOPEKA, Kan. — With typical Wal-Mart fanfare, the nation's third largest retailer unveiled its second Hypermart U.S.A. in this capital city last month.

Wal-Mart chairman Sam Walton called Topeka a "key regional trade center," with a countywide population of 160,000, but noted that the store would have to draw from a significantly wider area if it

See Hypermart, page 59



See p. 4 for a photo feature
on Hypermart's opening.
Stories on other Hypermart
ventures appear on pp. 3
and 59.

In this issue: a special
back-to-school
category overview

See special coverage, starting on p. 19, for the Back-to-School Merchandise Show running Feb. 12-14 at New York's Jacob Javits Convention Center. Features include a category overview, a profile of one chain's treatment of the category, trends in writing instruments and greeting cards, how one store emphasizes ethnic cards, and recent stationery product launches.

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NEWS IN BRIEF

Lucky Stores names new concept store

DUBLIN, Calif. — Lucky Stores has dubbed its new concept store, which will debut in San Diego next month, Advantage. The 482-store chain delayed the opening one month because of remodeling delays at a former Gemco location.

Ralphs could go on the auction block

COMPTON, Calif. — Ralphs Grocery could be placed on the auction block as a result of an unfriendly bid for its parent company Federated Department Stores. Campeau Corp. made a hostile \$4.2 billion bid for Federated last month, and disclosed in a SEC filing that, if successful, it might sell off the Ralphs division. The 129-store grocery chain does not have in-store pharmacies, but does lease space in several of its Giant locations to Thrifty drug stores' Jr. concept.

New Arbor store boasts earthy decor

WEST BLOOMFIELD, Mich. — Arbor Drug's new decor, including earthtones and new signs, was unveiled in the chain's 75th store, opened Jan. 20. The 9,450-square-foot unit is the fifth of 10 stores planned for the Detroit metro area in fiscal 1988.

A & P tunes to in-store radio advertising

MONTVALE, N. J. — POP Radio, the in-store radio company used by many drug chains, and Muzak, the business music company, have signed with A & P supermarkets to create a customized radio program for its stores. The pact is the first involving both POP Radio and Muzak, since the two companies made an agreement last October to jointly provide retail music and advertising programs. The companies will create individual programs for A&P stores, including Waldbaum, Super Fresh, Kohl's, and Food Mart.

Cardinal completes Marmac acquisition

DUBLIN, Ohio — Cardinal Distribution announced the completion of the stock purchase of Marmac Distributors, Hartford, Conn. drug wholesaler, with \$50 million in annual revenues. The addition of Marmac expands the \$800 million drug and food distributors' presence in Connecticut and Southern New England. Marmac management will remain.

Moore moves into generic drug market

NEW BRITAIN, Conn. — Moore Medical Corp. said it has completed buying West-ward, Inc. an Eatontown, N. J. manufacturer of generic pharmaceuticals.

For Moore, a national distributor of drugs and medical and surgical supplies, the acquisition will be its first move into the manufacturing of generic drugs, said Moore president and ceo Gerald Rome.

West-ward Pharmaceutical Corp. will operate as a wholly-owned independent subsidiary of Moore, with Martin Sheer, former West-ward president, as vp-manufacturing and operations, and Barry Weisberg, a former vp of H. L. Moore Drug Exchange, as vp-sales and marketing.

Seacorp to help maintain Pay'n Save's equity level

By Pamela Krein

SEATTLE — Pay 'n Save will maintain its \$91 million shareholder equity level through a capital contribution from principal stockholder Seacorp, allowing the chain to move forward and "consolidate its gains" in 1988.

Pay 'n Save, still saddled with debt from a leveraged buyout in 1985, was faced with early debenture repayment if the company did not raise its equity level by the end of its first quarter on Jan. 30.

Seacorp agreed to purchase on the open market a total of \$13 million principal amount of Pay 'n Save's 7½ percent convertible debentures due July 15, 2006. Under the terms of the agreement, the money has been placed in escrow and once final figures are in for the first quarter, Seacorp will convert that portion of the debentures into common stock which is necessary to raise the equity level to \$91 million.

As part of the deal, Pay 'n Save's other principal stockholder, the Zimmerman Retailing Group, has agreed with Seacorp to help fund the capital contribution.

With this now behind him, company vice chairman and ceo Gerald Nathanson told *Drug Store News* that he is "calling this a good year for consolidation; we'll take our changes and make it work."

The changes Nathanson referred to included the reformatting of the company's drug

stores, which brought the chain back to a core drug store image and abandoned much of the short-lived import merchandising strategy.

Recently released year-end figures for the company show Pay 'n Save's changes resulted

store increase respectively over the previous year.

Nathanson said "margins were disappointing" last year, but for much of the year the stores were either stocking the import merchandise or clearing it out in preparation for the reformatting.

Sales did improve in the fourth quarter when the stores were reformatted. Much of the \$15 million gain was offset, however, by the heavy advertising costs required to promote the new look.

Including both the drug stores and Bi-Mart, sales for the quarter increased to \$191 million from \$171 million, while net earnings went from a net loss of \$25.7 million to a loss of \$8.86 million.

The new fiscal year started off with strong sales, particularly in December, Nathanson said. Same-store sales for November, December and January posted double digit gains over the same period a year ago, he added.

Nathanson said he will work to improve margins and lower costs by cutting ad expenses and "looking at every single facet of the business to see where we can save a little."

Nathanson expects to see improvements from the company's warehouse, which he said underwent \$6 million in automation renovation last year. He said the building has gone from processing almost zero to pushing almost \$4 million in volume through a week.

'This a good year for consolidation; we'll take our changes and make it work.'

in some improvement during 1987. Although still in the red, a net earnings loss of \$26.8 million for the year ended Oct. 31, 1987, is decidedly better than the net earnings loss of \$49.4 million in the previous year.

As Nathanson pointed out, year-end earnings before interest and taxes of \$5.81 million was a vast improvement over the prior year's \$22.9 million loss. "Considering we've made so many changes . . . you'd think a \$30 million [gain] is a great improvement," he added.

Sales for the year improved from \$555 million in 1986 to \$726 million. However, the Bi-Mart discount division was only part of the company for one-third of the year in 1986. For the drug chain alone, sales dropped slightly during the year from \$489 million to \$487 million. Currently Pay 'n Save operates 109 drug stores and 37 Bi-Marts, a two-store and four-

Touch Tone reader service bows

Drug store retailers can now get in touch with vendors using *Drug Store News's* fast, flexible Touch Tone Ad service debuting in this issue.

Here's how it works. Ads placed in *Drug Store News's* special Touch Tone Ad issues will carry a telephone logo and toll-free phone number, with special five-digit code.

There will be six Touch Tone issues in 1988.

Readers can dial the number to receive additional information about the advertised product, request information, set up a phone call or arrange a meeting with a sales rep, or talk directly with a sales rep.

You'll receive all the benefits of a 800 number at no cost, and get fast response to your inquiries while your interest level is high.

Sixty years of drug store retailing

The following items are taken verbatim from the pages of Chain Store Age Drug Edition, which became Drug Store News in 1979.

60 years ago

CHICAGO, 1928 — The Walgreen chain makes every packet of cigarettes that it sells carry its advertising to the consumer. A little green sticker, two inches long and half an inch wide, is pasted across the lower end of the cigarette package. It reads "You're Always Welcome at Walgreen's."

50 years ago

FREETPORT, N. Y. 1938 — A sign near the busiest counter at the Liggett drug store, 98 S. Main St., Freeport, N. Y., read "Did you forget something? Use our phone free." B. M. Kenyon, manager, has a small stand built for the phone, together with a pad and pencil.

The additional orders more than made up for the cost of the phone. One customer bought a 10 cent box of aspirin and on calling his home was reminded to buy a \$4.98 heating pad.

40 years ago

NEW ORLEANS, 1948 — The new Katz & Bestoff drug store, 3100 Gentilly Boulevard, New Orleans, features curb service. Motorists can be served without getting out of their

cars. Semi-self service is used inside the store. New unit is streamlined, constructed almost entirely of glass, has almost 5,200 square feet of selling space.

30 years ago

SEATTLE, 1958 — In Seattle, Wash., Pay 'n Save is the sponsor of a new hydroplane to be used in racing competition. Considering the sponsor, it is only natural that at the public christening ceremonies for the boat, Miss Pay 'n Save used high potency vitamins instead of the traditional champagne — for extra power, no doubt.

20 years ago

FAIRFIELD, Maine, 1968 — LaVerdiere's Drug in Fairfield, Maine, has been contacting the home economics departments of all high schools in the areas served by the chain, offering skin care and makeup clinics for the teenage students.

10 years ago

ALEXANDRIA, Va., 1978 — Peoples Drug is gambling that it can parlay its limited convenience food experience into 7-Eleven success. So says Sheldon Fantle, chain president, who expects to open at least a dozen new 13,800 sq. ft. combination drug convenience food stores in the Washington, D. C. metropolitan area this year.

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TRENDS

Back-to-school/stationery profitable year-round

The back-to-school/stationery/home office category has come of age as a year-round profits center for drug chains.

Charged by a boom in the home office segment and high-tech advances in product design, the category is seen as a high-profit, expanding area by drug chain merchandisers around the country.

Total sales in the stationery category at drug chains grew 10.1 percent, to \$1.49 billion, in

home office presentation; others are paring their overall stationery mix to accommodate more home office supplies.

Although back-to-school time represents the major promotional thrust for the department, buyers are generally looking to step up second-semester and tax time promotions and include more home office items at those times.

"Home office is definitely the biggest growth area" in stationery, said K&B buyer Mark

es and the like. Mead and Rubbermaid are both coming out with some good products in those areas that meet our needs very well."

"We play up stationery more and more," said a buyer for a Midwest chain. "Now we run office and school supplies in every major circular."

He added, "The biggest challenge is getting the space we really need." In a test, he has moved the whole department from a gondola to a wall location in five stores.

In the back-to-school/stationery side, fashion and color—both primary colors and subdued shades—are enlivening chains' overriding strength in basic items such as theme books, notebooks and filler paper. Pastels are on the wane.

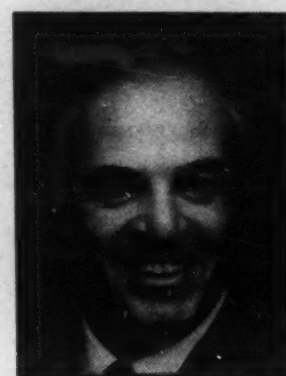
Denim and other clothing looks are seen as coming fashion elements for the school crowd, in such items as notebooks and knapsacks. And pearlized, chrome, laser prints and other fashion portfolio treatments are becoming popular. One Midwest buyer is considering Scentex's new line and Plymouth's pearlized portfolios, which he calls "absolutely gorgeous."

"We've done well with several fashion portfolios," said buyer Mark Tow of Hook Drugs in Indianapolis. Although they don't turn as fast in units, he said, they are a higher ticket, on about the same margin.

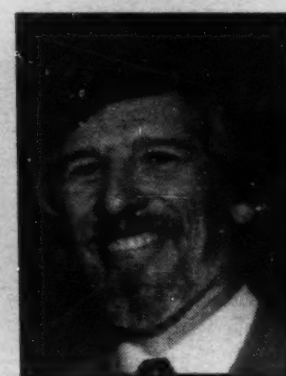
Rinaldo noted success with the fashion trend in binders, such as those from Majestic, K & M and Esselte.

Buyers say wireless notebooks with laser perforations are also gaining popularity.

Among other items that do well at back-to-school time are calculators and alarm clocks. And Morrison suggested that an item to watch is a new, heavy-duty, insulated lunchbox from Aladdin Industries. Increasingly, chains are adding nontraditional items in back-to-school promotions, such as candy, H&BAs, personal care ap-



Fanticola



Forbes



Shanower

DrSN offers back-to-school panel

Drug Store News publisher Jay Forbes will moderate a panel discussion on "Emerging Trends in Mass Marketing Back-to-School/Stationery" Saturday, Feb. 13, from 8:30 a.m. to 9:30 a.m. in Room 1A03, during the 1988 National Back-to-School Merchandise Show at the Jacob K. Javits Convention Center in New York.

All those at the show are invited to attend the seminar, which will include straight talk by a panel of five prominent merchandisers and buyers from leading drug, supermarket and general merchandise chains.

Panelists include Tony Fanticola, vp-general merchandise, Vons Grocery Co.; Dave Hawmaker, merchandise manager/stationery, McCrory's; Frank Shanower, vp-merchandise, Drug Emporium; Cynthia Stahley, merchandise manager/stationery, Genovese Drugs; and Ted Wyman, division merchandise manager, Hills Department Stores.

Discount Store News publisher Fred Filer will help lead the panel discussion.

Room 1A03 is on the same exhibit level as the show. There is no seminar admission charge for registered buyers and exhibitors. Coffee and danish will be served at 8:15 a.m., courtesy of show management.

pliances, and hosiery.

Licensed characters are fading, in several buyers' view. "You do well once and get stuck on reorders," commented buyer Rick Stutts of Crown Drugs.

Some buyers have good results with paperback and pegged vestpocket-size dictionaries, while others are also looking at a hardbound dictionary in the \$5-\$6 range.

Chains strive to tailor their back-to-school mix to local needs. At Randall's, for example, school districts publish lists of all the supplies students must have to start the school year. "We're now getting those lists in advance and making up complete packages of everything on each list for each grade level," Morrison said.

"It's really convenient for the parents, because we offer everything the kids need as specified by the school district in one bag, at a retail price less 10 percent. It saves them money and time and gives us multiple school supply sales at big-ticket prices."

In a category characterized by product proliferation, housekeeping and out-of-stocks are a constant challenge for chains. Organizing systems are helping to address both problems.

"It's hard to keep good inventory levels, because there is so much fluctuation," Tow asserted. He said suppliers who ship on time are rewarded by increasing their presentation and shrinking those who don't."

DRUG CHAIN BACK-TO-SCHOOL PROMOTION ADS: AUGUST 1987*		
Brands	Category	% of all BTS ads
BIC	Pens, pencils, liners	8.0%
Elmer's	Glue	1.7
Empire	Stapler, glue, staple remover, pencils, erasers, paper clips, push pins	2.8
Faber-Castell	Pens, pencils	2.2
Mead	Filler paper, notebooks, binders, theme books, folders, portfolios, tablets, notebook paper, envelopes	19.7
Paper Mate	Liquid paper, pens, pencils, highlighters	6.8
Stuart Hall	Notebooks, binders, portfolios, envelopes, theme books, pad	2.2
Total all BTS ads		43.4%
*Includes ads from such chains as Drug Mart, Eckerd, Health Way, Osco, Pathmark, Peoples, Revco, Thrifty and Walgreens. Represents last major back-to-school promotion season.		
Source: Vereen & Associates		

1986, the latest year for which figures are available. Of that, school/office supplies tallied \$416.8 million, a 14.6 percent increase over 1985.

"It's definitely a year-round, core category—very profitable," said buyer Tom Rinaldo of Dart Drug Stores. He added that Dart has made "good inroads" into home office, with plans to go deeper, and cited Stuart Hall's Exocutive line as adding to the chain's image.

Other buyers are looking for ways to cash in on the home office growth. Some plan to expand footage to strengthen

Blandford, who estimated a 15- to 20-percent growth range for the segment in each of the past two years at K&B.

"We're looking into giving home office extra footage," said Dan McAlister of Kerr Drug Stores. He plans to add 28 feet to the 56-foot department. Bob Morrison, non-foods merchandise buyer for Randall's Food and Drug Centers, a 41-store chain based in Houston, said, "We're getting more shoppers who used to go to the office supply stores by carrying a more upscale, professional mix of portfolios, organizers, file box-

In back-to-school/stationery, Fruth enjoys 'small' advantages

POINT PLEASANT, W. Va. — For 10-store Fruth Pharmacy Inc., being a small chain has its advantages, which it capitalizes on in its back-to-school/stationery departments.

One advantage is that Jim Fisher, director of merchandising, is also senior buyer and advertising manager. "I'm involved in buying and selection and also advertising, so we don't have the breakdown between buying and advertising that sometimes happens in larger chains," he said.

Moreover, Fruth's five stores in West Virginia and five in Southeastern Ohio are all within roughly a 50-mile radius of headquarters, enhancing the chain's ability to stay on top of customer wishes and needs. "Many of our people are on a first-name basis with customers and of-

ten grew up with them," Fisher noted. So a local elementary schoolteacher, for example, doesn't hesitate to come in and tell a store manager special needs he or she may have for a particular class project.

"There's also better communication within our organization," Fisher said. "If we see a trend in one area, we can develop a program in all our stores, because they're relatively close together."

Fruth gives its store managers considerable autonomy in choosing items for various departments, including stationery. One store, for example, responded to an unusually strong local demand for backpacks and schoolbags by augmenting chainwide assortment with items from a local vendor. The result was a doubling of their business in that

segment.

Two Fruth stores are located in college towns, and that requires an awareness of particular items, such as college-rule paper, that will sell in those locations but not necessarily elsewhere.

And in small-town locations, parades, such as at homecoming, are a major event; Fruth respond with beefed up supplies of posterboard and crepe paper for float-building.

"Our managers, within reason, can bring in anything they think they can sell in stationery, as in other categories. All we ask is that, if it's successful, they let us know so we can develop it chainwide," Fisher said. "Many managers in large chains often don't have that freedom."

Because managers also own a piece of

the corporation, they have a vested interest in their store's success. (Fruth is unusual in operating six corporations, including one or two stores in each, with Jack Fruth president of the whole operation.)

Store size ranges up to 10,000 square feet, with \$1.8 million-\$2 million in average store volume. The front end/ pharmacy ratio is about three-to-one.

Most of the chain's stationery departments line both sides of a 20- to 24-foot aisle, with writing instruments, mostly pegged, taking up 8 to 12 feet.

The department is about 85 percent serviced by a primary and secondary supplier, who reorders (with managerial input), and does general housekeeping every two weeks. Merchandise is

Continued on page 31

TO HEAR A TOUCH TONE AD CALL 1-800-553-4355

Greeting Cards

TRENDS

In the social expressions marketplace,

Today's shopper wants unique cards that will communicate

Leading manufacturers in the \$3.9 billion greeting card industry find that shoppers are increasingly looking for individualized messages and humor in their cards.

Because their lifestyles are becoming busier, consumers seek quick, easy and economical ways to communicate. "People are pressed for time, but they like to think of themselves as thoughtful, and want more direct, straightforward 'quick takes,'" said

Rosalyn O'Hearn, who is manager of marketing/public relations at American Greetings.

And although special occasions such as holidays make up a big part of the card market, cards are playing a new role—to communicate rather than just to mark events.

Reflect bigger changes

Rachael Bolton, Hallmark Cards product information coordinator, said "They reflect and parallel lifestyle and demographic changes."

Thus, people are sending

cards to sympathize on someone's divorce or new diet, or just to say, "I know things haven't been going well for you." There are cards to congratulate a friend on acquiring a new condo, a promotion, a Scouting achievement—even a new driver's license.

As the population ages, that is being reflected more realistically in cards: Older people are depicted in jogging suits rather than rocking chairs, and congratulations on a 90th or 100th birthday are not uncommon.

And vendors are responding to a perceived reawakening of traditional values in the country with more inspirational cards, according to O'Hearn.

Cards are funnier

There is also a trend toward more humor in cards, Bolton maintains. "Americans have always had the ability to laugh at themselves," she said. "In trying situations, they come through with humor."

In ethnic cards, especially for blacks and Hispanics, cus-

tomers are calling for better quality, more style and more tasteful messages, maintains Karen Durand, product manager for Gibson Greeting Cards. She said Gibson is revamping its black and Hispanic card lines this year, both in design and editorial. "Research shows they didn't like what was out there."

These trends are making greeting cards more and more a year-round category, the top three manufacturers agreed.

Ethnic cards help retailers meet patrons' special needs

For an independent to be competitive in today's retail market, it's absolutely necessary to convince potential customers that their business is wanted and appreciated.

In Paterson, N. J., Jim Blake, the young owner of Paterson Pharmacy, has been able to achieve that objective by merchandising his store to the needs of his neighborhood.

About five years ago, Jim and his father, Stanley, who then owned Paterson Pharmacy, decided to add a line of ethnic greeting cards to their overall card department.

At the time, sales were "okay" in the department, but Jim and his dad felt they could be better if the stores offered a selection of more personal cards, or cards that were more reflective of the specific neighborhood which Paterson was servicing.

Large ethnic population

"About 40 percent of our customers are black," says the younger Blake, "and another 40 percent, maybe, are Hispanic. We thought it might be nice for them if they could come in here and see some black faces on cards, or some Spanish faces."

Blake says that because Paterson did not specifically advertise the fact that it now had a line of ethnic greeting cards, sales grew slowly at first, but in the last two years, sales have been going up dramatically. "We're seeing increases of at least 20 percent a year," said Blake.

Donald Schutz is the sales training manager for Rousana Cards, which services Paterson Pharmacy and whose sales reps do the ordering and replenishing. He says the 20 percent growth rate is "on target" for this sort of change.

"In some stores we've done," he says, "you get growth of 30 percent or more in the first six months after the change."

"You see more retailers do-

Continued on page 22

BACK-TO-SCHOOL 1988

Pentel quality now comes with a cash rebate!

Pentel is always a big draw. Just imagine how your customers will flock in this year when you offer them that great Pentel quality... plus a money-saving \$1 cash rebate! This special offer is on Pentel's Back-To-School special Starter Set, Student Pack and Wet Set packs. The cash rebate offer can mean big profits for you... so call your Pentel representative today and get in on the action. Pentel... the name that means profit.

THE WET SET
WATERPROOF ON PAPER
Retail Value \$2.38
Micro Pen
0.2mm Line
Sharpset-2
0.5mm Line

STARTER SET
Retail Value \$1.60
A75
0.5mm
Automatic
Pencil
1 Dozen
Super
14-Polymer
Refills

Student Pak
Retail Value \$3.47
Micro Pen
0.2mm Line
Black Ink
Roller Ball
Pen with
Metal Tip
Sharpset-2
0.5mm
Automatic
Pencil
OK Eraser
Retractable
Pocket
Eraser

Pentel.
PENTEL OF AMERICA, LTD.

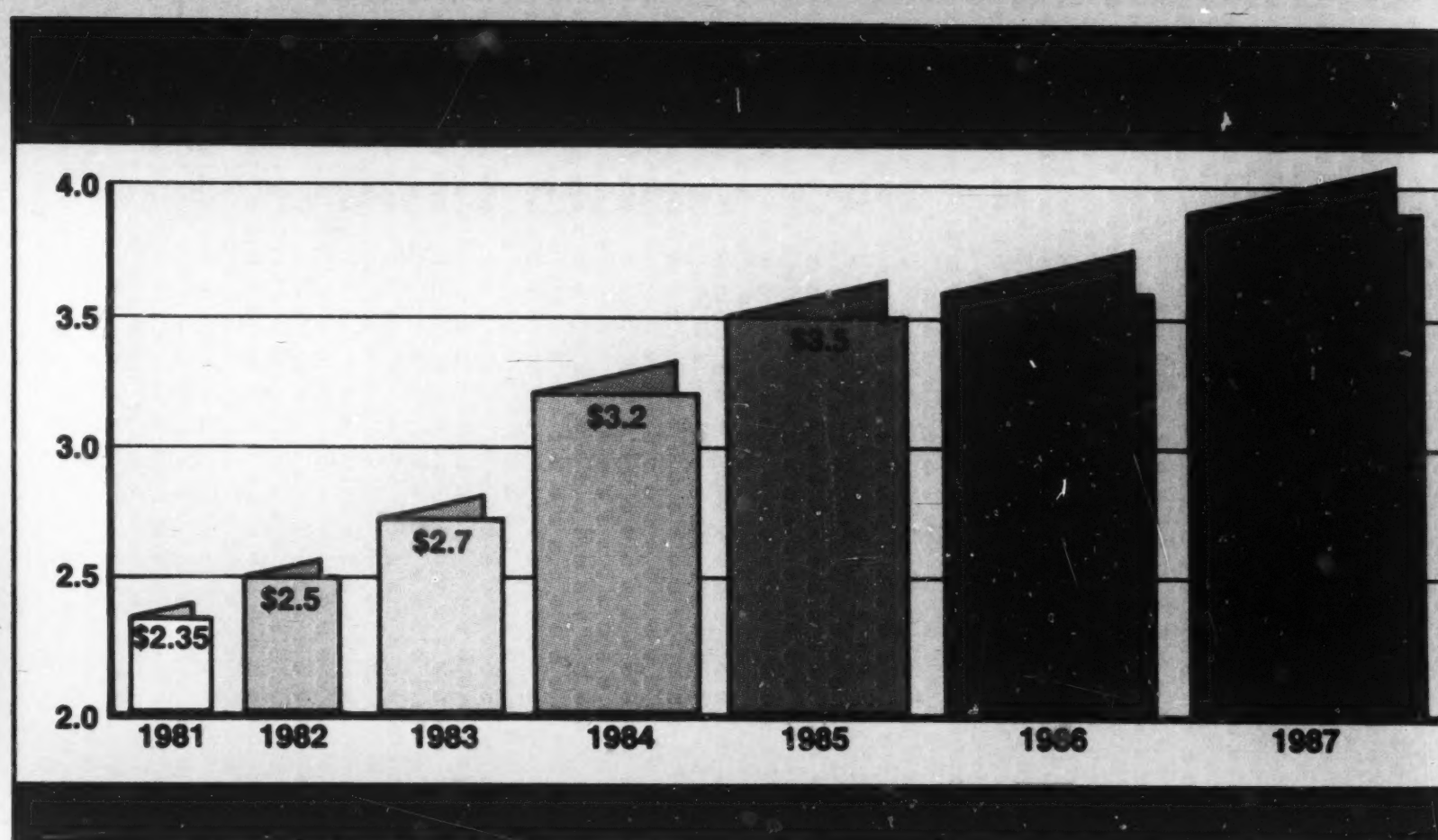
**"BEING BETTER
IS WHAT WE'RE ALL ABOUT!"**

SOUTH EAST/NORTH EAST REGIONS: 11 Kulick Rd., Fairfield, NJ 07006 (201) 575-7525
SOUTH CENTRAL/CENTRAL REGIONS: 1100 Arthur Ave., Elk Grove Village, IL 60007 (312) 640-7570
WESTERN REGION: 2805 Columbus St., Torrance, CA 90509 (213) 320-3831

Touch Tone ☎ Code #10347



Paterson Pharmacy's ethnic card sales are growing approximately 20 percent a year; about 40 percent of its market is black.



Ethnic cards

Continued from page 21
ing this today, too. Five years ago, maybe two out of every five retailers in black or Hispanic neighborhoods had a selection of ethnic cards. Now it's getting close to every four out of five. Walgreens has ethnic cards in some stores, and so does Dart, Peoples and Eckerd."

Rousana specializes in ethnic card lines; it's the company's market niche. However, retailers can also obtain ethnic card lines from most of the major greeting card companies, including Ambassador, American Greetings and Gibson.

Praises manufacturer

"We like having an ethnic line," says Blake. "It sells well. It hits the right clientele, and Rousana is a nice company. Its people come into my store and they organize everything. They select the merchandise, they reorder, they do the housekeeping. It's made a big difference."

Right now, Blake says his card department takes up about 20 percent of his front end space.

Paterson Pharmacy is a 3,000-square-foot store, and about 70 percent of its selling space is devoted to front-end merchandise.

Ethnic hair care is also a big department in the store, and Blake has a selection of ethnic cosmetics.

Other ethnic categories

"The hair care really sells well," he says, "and this is in spite of the fact that it's expensive. This specific type of customer just cares a lot about how they look, and they do have special hair care needs."

"It's the same with the cards. Sometimes a universal or general card will do well, and we sell a lot of cards that are what I'd call general."

"But if you're a black man and you want to buy a Valentine card for your girlfriend, then you appreciate a card with a black couple on it."

Blake does not do a lot of advertising for his store. "I don't have to," he says. "We're in a shopping center area and we get a lot of foot traffic. There's a Foodtown supermarket/liquor store right next door,

Continued on page 23

WHENEVER YOU NEED
SOMEONE TO COUNT ON,
SOMEONE TO TALK TO,
SOMEONE TO SHARE YOUR
HOPES AND DREAMS,
I'LL BE THERE FOR YOU.

IN

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